

The Washington State
Vehicle Industry
NEWS BULLETIN

Department of Licensing

May 2013

Introduction *By Lewis Dennie*



Welcome to the spring edition of our newsletter. Spring brings changes to weather, foliage and outdoor activities all across our state. We've had changes here in Dealer Services, too. Some of you may recognize my name. I've worked for Dealer Services for approximately 20 years as an investigator and manager in our Spokane office. My responsibilities grew to encompass all of Eastern Washington and the northern portions of Western Washington. In 2011, I became the Assistant Administrator for Dealer Services and moved to Olympia. In December 2012 I was selected to be the Administrator for Dealer Services. The focus of my public service career is always to provide appropriate levels of consumer protection while balancing regulatory oversight and the business needs of the vehicle industry.

As I write this, the 2013 legislature is still in session and several bills that would affect the vehicle industry are still active. Each year, staff at Dealer Services actively track and monitor bills that have potential impact on our licensees. We must do this so that we are prepared to implement any changes that affect how we conduct our operations. We also need to communicate to you how any changes in the law affect your business operations. For example, one bill we are watching closely is a proposal to strengthen laws around metal theft.

We have a variety of articles in this news bulletin. Our office has recently had several inquiries from individuals interested in conducting vehicle business on the Internet. These are unusual proposals and we've outlined our regulatory position. Also discussed are some of the top violations investigators see in consumer complaints and when conducting audits. We're looking at improving our web presence to provide more of what our customers need. We continue to update our on-line reference manuals for all of our licensees. A top goal is to increase our communication with you by electronic means using a Listserv. On a related topic, the Notary Section of the Department of Licensing has provided an article that will be of interest to all of our licensees. Notaries have been licensed here since 1854, when Washington was still a territory. Their function touches our licensees in some important ways. Here's another hot topic - as Dealer Services looks to the future, we will review our laws and regulations to see how they align with the ongoing evolution of 21st century business practices in the advancing digital age.

And finally, we have a new face in Dealer Services. Joe Vincent joined Dealer Services as our Assistant Administrator. He was previously in the Design, Funeral and Cemetery program within DOL's Business and Profession Division.

If you have any questions or concerns about these articles or other issues impacting the vehicle industry and your business, please email me at ldennie@dol.wa.gov.

Happy spring everyone! (Less rain on the westside, and diminishing snow on the eastside)

Lewis

What's New

New Legislation Affecting Your Industry

2013 Passed Legislation

HB 1130 – Modifying who is authorized to redeem an impounded vehicle. (Click [bill info/summary](#) for additional information)

- Allows an impounded vehicle to be redeemed by a vendor working on behalf of the insurer of the vehicle.
- Allows an impounded vehicle to be redeemed by a third-party insurer if that insurer has received a claim in connection with the vehicle.
- Allows an impounded vehicle to be redeemed by a vendor working on behalf of a third-party insurer if that third-party insurer has received a claim in connection with the insured vehicle.
- Expands the group of people who may consent to the redemption by a third-party insurer or a vendor working on behalf of the third-party insurer.

HB 1552 – Reducing scrap metal theft. (Click [bill info/summary](#) for additional information)

- Creates a licensing scheme for scrap metal businesses.
- Expands criminal penalties for metal theft and malicious mischief.
- Allows for civil forfeiture for any property used in the commission of a crime involving the theft, tracking, or unlawful possession of commercial metal property.
- Creates a database by which scrap metal businesses may determine if a potential client has a criminal conviction which makes him or her ineligible to sell property to a licensed business.
- Prohibits cash transactions, except if certain documentation is captured.
- Creates a grant program to support additional enforcement efforts targeting metal theft.
- Preempts the field of scrap metal regulation.
- Amends provisions relating to law enforcement information and hold requests and recordkeeping of metal transactions.

HB 1625 – Concerning certain tow truck operator requirements and rates. (Click [bill info/summary](#) for additional information)

- Sets a cap on the rates and fees that tow truck operators may charge for certain towing operations, storage of vehicles, and after-hours releases.
- Provides that certain local limits, if valid under existing law, remain enforceable.

The fees charged by a Class A, Class D, or Class E tow trucks are subject to a cap. For private impounds, a tow truck operator may not file a fee schedule with an hourly rate that exceeds 135 percent of the maximum rate for a Class A tow truck as negotiated with the WSP. Additionally, the filed fee schedule may not have a storage rate exceeding 135 percent of the maximum daily storage rate as negotiated with the WSP. Finally, a filed schedule's after-hours release fee may not exceed 100 percent of the maximum after-hours release fee as negotiated with the WSP. These limits, however, do not apply to: (1) other classes of tow trucks; (2) private voluntary towing; (3) the towing of a vehicle that is not parked and upright, does not have all of its wheels or tires, or has a broken axle; or (4) if the vehicle is being towed from a location at which it was involved in an accident.

Finally, certain local laws that limit tow truck operators' fees and rates remain enforceable. These limits can be enforced if the local law as adopted before January 1, 2013, and if the local limits are valid under existing state law.

New Legislation Affecting Your Industry (continued)

2013 Passed Legislation

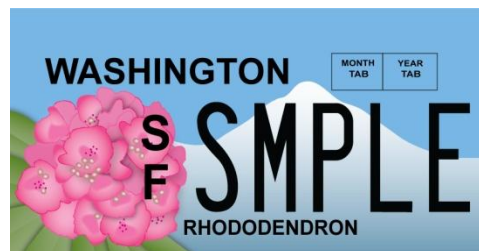
SB 5050 – Authorizing registered tow truck operator to carry passengers in a vehicle attached to a flatbed tow truck under certain situations. (Click [bill info/summary](#) for additional information)

A tow truck operator may allow passengers to ride in a vehicle that is being carried on the deck of a flatbed tow truck under certain conditions, including that passengers are using seatbelt and child restraints, if they are otherwise required by law.

New Special Plates

By Matt Lewin

Two new special license plate backgrounds were released for sale in January, the 4-H and the State Flower. Proceeds from the sale of the Washington 4-H Foundation special plates are used to support 4-H programs within Washington State. Proceeds from the sale of the State Flower special plates go to support Meerkerk Rhododendron Gardens and provide grants to nonprofit organizations that preserve rhododendrons.



Licensee Information

Top 5 Violations in 2012

By David Browne

Dealer Services had a very interesting year with complaints and investigations during 2012. Below is a list of the top five most common violations.

1. **Late Titles Transfers** typically occur when a dealer fails to transfer title within the 45 days allowed by law.
2. **Place of Business** - includes:
 - moving and not changing the address with Dealer Services,
 - not maintaining business hours and signage
 - not meeting the requirement to state the name and nature of business (auto sales or vehicle sales).
3. **Unlicensed dealer** – is a person buying and selling five (5) or more vehicles in a twelve (12) month period.
4. **Record Keeping** – incomplete and missing records.
5. **Dealer out of Business** – Dealers that have gone out of business and failed to notify Dealer Services to surrender their license and dealer plates. If going out of business, please contact Dealer Services at (360) 664-6466 (option 4) so we can assist you and your customers.

Vehicle Wrecker Manual and Hulk Haulers / Scrap Processors Manual

The [Hulk Haulers / Scrap Processors Manual](#) and the [Vehicle Wreckers Manual](#) have been updated. You can find the manuals on our website, or by clicking on one of the links above.

Dealer Education

Washington Automobile Dealer Consulting Services Association (WADCSA) is now an approved Dealer Education Provider. They will provide the initial 8 hour education, in addition to the 5 hour annual education requirements.

Washington State Independent Auto Dealers Association (WSIADA) continues to provide the initial 8 hour education, and the 5 hour annual education.

What is Listserv?

By Joe Vincent

Electronic mailing list: Dealer and Manufacturer Services use a Listserv electronic mailing list to communicate with licensees and other stakeholders regarding program business, rule writing and important program updates. If you are not on the email list, **Join our LISTSERV now** to stay informed on hot topics you need to know about. The LISTSERV is a free, automated email service that ensures you get critical information quickly:

- There's **no cost to join**, and you may change or remove your email address at any time.
- **Protect your license** by keeping up to date on changes to laws and rules, updates to business requirements or procedures, changes to our staff contacts, and more.
- You'll get our **email newsletter**, which is the main way we'll communicate important information to you.

Sign up now at:

[Dealers of Vehicles, Snowmobiles, ORVs and Miscellaneous Dealers](#), or
[Registered Tow Truck Operators, Transporters, Wreckers, Scrap Processors, and Hulk Haulers](#)

Notary Issues

By Linda Mead

The Notary Public Program at the Department of Licensing has recently received several examples of fraudulent title transactions with questionable, false, or incorrect notarizations. The examples have been sent to us by law enforcement or other investigators in the course of investigations into stolen vehicles or title fraud. By taking a moment to review the notarization when accepting a document, potential problems may be avoided.

RCW 42.44.090(1) details all the required elements of a notary act. When accepting a notarized document, be sure these are included in the statement that the notary completes:

- A **certificate** that describes what notary act was performed.
- The **jurisdiction** (state and county) where the notary act was performed.
- The **date** the notary act was performed.
- The **signature** of the notary and **printed name** underneath.
- An impression of the notary's **seal or stamp** (not required when certifying an oath for court).
- The **expiration date** of the notary's appointment.

Notary Issues *(continued)*

Some discrepancies in notarizations that are fraudulent include the:

- spelling of the notary's name is not the same on the stamp as it is in the signature or printed name
- expiration date is not complete. It should consist of MM/DD/YYYY. If there's just a year, for example, it's not valid.
- name of the notary is illegible: the signature is a scribble, there's no printed name, and the impression of the stamp is unreadable.

The License Query System can be used to verify a notary and the current expiration date:

<https://fortress.wa.gov/dol/dolprod/bpdLicenseQuery/>

1. Choose "Notaries" as the License Type
2. Enter the first and last names, and
3. Click on Search
4. When the record comes up, click on the notary's name and you'll see his or her expiration date.

If you have questions or concerns regarding a notary, please call (360) 664-1550 (option 4, then option 3).

Internet Businesses

By Chuck Coach

We have received several inquiries about Internet businesses that may or may not be engaged in dealer activities with Washington licensed auto dealers or Washington consumers.

This is an opportunity to state the policy of the department. The department applies existing dealer laws and regulations to these Internet enterprises. Any Internet company that transacts business with auto dealers based within the territorial boundaries of the State of Washington and/or consumers who live in Washington must possess a valid Washington dealer license if the business buys, sells, brokers, or acts in the capacity of buyer's agent, as those terms are defined by RCW 46.70.

We recognize the unique aspects of Internet commerce. An out-of-state Internet company may not have an "established place of business" as that term applies to a traditional "brick and mortar" business. In that case, the out-of-state internet company must apply for a waiver of the "established place of business" license requirement. In addition, the out-of-state internet company must comply with the vehicle dealer requirements for the jurisdiction where it is physically located.

Any internet company that offers new vehicles for sale must be able to produce a valid service agreement with the manufacturer. If the Internet business is part of an existing dealership, the Internet name must be licensed as a subagency name.

Internet companies doing business in this state must comply with all applicable laws, including, but not limited to lending and credit laws, consumer protection laws, and Federal Trade Regulations. Internet transactions will be monitored for the same kinds of practice violations as a "brick and mortar" business. Some examples include bushing, late title transfers, unlawful transfers, late lien pay-off, and misleading or false advertising.

A licensed dealer who engages in business with an Internet company that should be, but is not licensed, as required by Washington law, may be subject to a violation of RCW 46.70 for aiding and assisting unlicensed practices.

The buying and selling of vehicles continues to be an area of the market that is emerging tremendously day-by-day. As consumers strive to protect their car-buying dollar and the time associated with this activity, more are utilizing individuals who offer the best deal. These selling strategies, again, augment the ever-increasing demands on the regulatory community in protecting the car-buying public and preserving a fair and impartial marketplace.

The department will assist both licensed dealers and Internet companies to determine if the internet company is engaged in dealer activities that require a Washington license. You should direct your inquiries to our Compliance staff, Gail Saul at (360) 664-6460 or Will Hernandez at (360) 664-6459.

Regulatory Activity

Disciplinary Activity (Disciplinary actions are also available on the Department's [website](#).)

September 2012 thru March 2013:

Name	Finding	Action
Adam Lee Porter – Bellingham	Unlicensed dealer activity	Ordered to cease and desist.
Almond J. Anderson – McKenna	Unlicensed wrecker activity.	\$1,000 fine.
Alpine Truck Sales, Inc. – Graham	Failed to disclose on the purchase order that the vehicle was rebuilt.	\$1,000 fine stayed as long as the they do not commit further violations.
Auto Solution – Bellevue	Violated statutes regulating buyer's agent. Failed to disclose the doc service fee and maintain records at the EPOB. Received a fee from an Oregon dealer after leasing a vehicle. Failed to record the use of a vehicle dealer temporary permit in the log and to maintain copies of title applications.	\$2,000 fine.
Barlow Auto Wrecking – Rainier	Acquired vehicles without properly-endorsed/completed paperwork. Failed to mark major component parts with yard numbers and complete monthly wrecker reports. Did not furnish a bill of sale.	\$11,650 fine is stayed as long as the WSP reports no similar violations at the next scheduled inspection.
Blue Chip Motors – Spokane	Late title transfers.	\$1,500 fine.
Budget Auto Wrecking – Kent	Acquired stolen vehicles & reported they were purchased from the r/o.	\$1,500 fine.
B.I. Auto Sales, Inc. – Everett	Did not disclose vehicles were rebuilt.	\$1,500 fine.

Copart Auto Auctions – Graham	Did not disclose salvage brand.	\$250 fine.
D.K. Auto Sales, Llc – Bellingham	Failed to pay the fine assessed by the director.	Vehicle dealer license suspended until the fine is paid in full.
Empire Parts Auto, Llc – Olympia	Yard number was not marked on a vehicle, and 11 vehicles were not segregated or have ownership docs.	\$1,250 fine.
Family Auto Center – Spokane Valley	Overcharged license fees & submitted a fraudulent purchase order agreement.	Dealer license revoked for 5 years and fined \$4,000.
First National Fleet and Lease, Inc. – Seattle	Late title transfer and sold a vehicle without having possession of the title at time of sale.	\$500 fine.
Fisher Towing – Monroe	Forms were signed prior to impound and the authorizing person was not present at the time/place of impound involving 87 vehicles.	Respondent surrendered the Registered Tow Truck Operator license number 5251 for five (5) years.
Francisco Rendon – Mt. Vernon	Unlicensed dealer activity.	Cease and desist.
Full House Auto – Puyallup	Late title transfer and falsified title document.	\$200 fine.
Garcias Auto Sales – Sunnyside	Did not have possession of titles before or at the time of sale. Issued more than one dealer temporary permit and sold vehicles to minors.	\$1,500 fine.
Gary George – Everett	Unlicensed dealer activity.	Ordered to cease and desist.
General Metals of Tacoma, dba Schnitzer Steel – Portland	Acquired vehicles without obtaining the required paperwork.	\$1000 fine.
Granite Falls Towing, Llc – Granite Falls	Failed to pay the fine assessed by the director.	Tow truck operator licensed is suspended until the fine is paid in full.
Helberg Towing – Sunnyside	Failed to pay penalty assessed by the director.	Respondent agrees to pay the remainder of the penalty.
Heston Hauling – Ferndale	Improperly assessed an impound fee. Failed to: send AVRs to the department; itemize storage charges on invoices; charge accurate storage fees; obtain an authorization by the person requesting the impound; maintain a copy of the right of redemption/opportunity form, and a record of the 24-hour written impound notice to law enforcement.	\$3,000 fine.
Ivan Valentinovich Kriger – Spokane	Unlicensed dealer activity.	Ordered to cease and desist.
James L. Berry Sr.,	Unlicensed dealer activity.	Ordered to cease and desist.

dba Commercial Truck Services – Tacoma		
Jens Christoph Schoene – Olympia	Unlicensed dealer activity.	Ordered to cease and desist.
John Sean Ristick – Puyallup	Unlicensed dealer activity.	Ordered to cease and desist, and fined \$9,000.
John Toldi, dba ABC Car Care Sales and Services – Lynnwood	Unlicensed dealer activity	Ordered to cease and desist.
Jon Justin Nelson – Lake Tapps	Unlicensed dealer activity.	Ordered to cease and desist.
JM’s Auto Sales – Tacoma	Late title transfer and sold a vehicle w/o having possession of the title.	\$750 fine.
Keistler Hauling – Spanaway	Misused transporter plates.	License suspended for 30 days.
Kero’s Auto Brokers – Edmonds	Did not have possession of a title at the time of sale and late title transfer.	Dealer license suspended for 10 days, and fined \$1,500.
Kerry Joe Petlig – King County	Unlicensed dealer activity.	Cease and desist and \$11,000 fine.
Legacy Ford Pasco	Late title transfers.	\$4,000 fine.
Martinez Body Shop – Wapato	Did not remove license plates from a vehicle and submitted reports late.	\$1,000 fine.
Martinez Autos – Sunnyside	Did not have possession of a title at the time of sale and late title transfer. Falsified a title application.	\$1,000 fine.
MD Auto Sales, Inc. – Tacoma	Failed to disclose a branded vehicle.	\$1,000 fine.
Northwest Auto Sports – Renton	Failed to pay off lienholder. Failed to submit vehicle insurance coverage. Late title transfers. Overcharged titling fees. Paid off lienholder late. Issued tax warrants by the DOR.	Dealer license revoked for 1 year, and fined \$8,000.
Northwest Motorsport, Inc. – Puyallup	Failed to have possession of titles at time of sale, resulting in late title transfers and payoffs to lienholders.	\$4,750 fine.
Pacific Mobile Structures, Inc. - Chehalis	Late title transfers	\$6,500 fine.
Pacific Towing & Recovery – Spokane	Failed to pay penalty assessed by the director.	Tow truck operator license is suspended until the monetary penalty has been received by the department.
Parkland Auto Center, Inc. – Tacoma	Failed to accept the sale of a motor vehicle within four (4) days of the sales contract agreement.	Seven (7) days suspension of the dealers license and a \$4,000 fine.
Peat’s Auto – Auburn	Items not marked with yard numbers. Failed to destroy license plate within 24 hours. Failed to have records concerning the sale of	\$6,000 fine.

	vehicles or the major component parts to those vehicles.	
Quality Auto Center – Bellevue	The respondent was driving a vehicle with a terminated dealer plate displayed, and they did not record the use of a dealer plate.	\$1,000 fine.
Robert Allen Netterfield – Mount Vernon	Unlicensed dealer activity.	Cease and desist and \$18,000 fine.
Smitty's Inc. – North Bend	Major component parts in the wrecking yard were not marked with yard numbers. Unable to identify or provide records for crushed vehicles. Did not timely report the acquisition of vehicles to the Department.	\$12,000 fine is stayed as long as the Respondent does not commit further violations for a period of one year.
Steve Hahn's Volkswagen-Audi-Kia – Yakima	Unlawful advertising methods.	\$250 fine.
Stephen Perebeynos – Tacoma	Unlicensed dealer activity.	Cease and desist, and a \$6,000 fine.
Steven Jay Presnell – Pearce, Arizona	Unlicensed dealer activity	Ordered to cease and desist, and fined \$1,750.
Sun Auto R.V. & Marine Sales – Shelton	Failed to disclose on the purchase order that a vehicle had been rebuilt.	
Sutter Metals, Llc., dba Lacey Auto Recycling – Lacey	Reported that vehicles had been purchased from the registered owners, when, in fact, the vehicles had been reported stolen. Accepted a frame, a rear differential, and 4 engines without acquiring a bill of sale with the VIN from the major component parts came.	\$1,500 fine.
SVS Auto Sales, Llc, and Vyacheslav Sloboda – Tacoma	Odometer tampering	Vehicle dealer license revoked for 1 year.
TKT Towing - Clarkson	Mailed Notice of Vehicle Impounds and Custody and Sale of Abandoned Vehicle Notices late. Sent AVR's to the department late. Sold a vehicle prior to the Abandoned Vehicle Auction. Notice of Vehicle Impound was missing from the transaction file.	\$7,500 fine.
Top Notch Towing – Lake Stevens	Late title transfers.	\$1,000 fine.
Tri-City Car Sales,	Represented themselves as another	\$1,500 fine and must remove Maria

Llc – Kennewick	dealer when they submitted a trade-in authorization for payoff form to the legal owner, and forged the registered owner's signature.	Mendoza as an owner and officer.
Ultimate Motors, Llc – Tacoma	Failed to disclose a vehicle was rebuilt	\$1,000 fine.
William I. Blackburn – Lake Stevens	Unlicensed dealer activity	Ordered to cease and desist, and fined \$1,000.
Zein Automobiles, Inc. – Tacoma	Late title transfers, falsified title documents, bushing, late lienholder payoffs, misc. advertising violations, and improper disclosures.	\$22,000 fine of which \$11,000 is stayed for one year as long as the Respondent does not commit further violations.

<p>If you have questions or comments or there are topics or issues you'd like addressed in the next edition of the Vehicle Industry Newsletter? Please email kzuchlewsk@dol.wa.gov</p>			
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